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by

Dharam P. Ghai

EMPLOYMENT PERFORMANCE, PROSPECTS AND POLICIES IN KENYA

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### Employment Performance, Prospects and Policies in Kenya

In comparison with most countries of tropical Africa, Kenya has a relatively more developed and diversified economy. An unusual feature of its economy is the relatively low share of agriculture and correspondingly higher share of industry and services in gross national product. It also has a larger proportion of its labour force in wage employment than most countries in this region. Lacking any significant prime mover, the country nevertheless succeeded in sustaining a high rate of economic growth in the sixties. However, despite substantial growth in most sectors of the economy, Kenya faces one of the most serious unemployment problems on the continent.

As in other developing countries, unemployment in Kenya takes on a variety of forms. There is first of all the under- and unemployment in rural areas which is only partially relieved at the time of planting and harvesting. Unlike most countries in tropical Africa, there is intense population pressure in large parts of Kenya. The ability of other parts of the country with a more favourable land/labour ratio to absorb this surplus population is limited by the constraints imposed on transfer of land by the complexity of the ethnic problems. The localized pressure on land thus manifests itself in migration of people in ever increasing numbers from rural to urban areas. The drift to the cities is further accentuated by wide and increasing differentials between rural and urban real incomes. The difficulties are compounded by the fact that a large and increasing proportion of these migrants tend to be primary and secondary school leavers whose education has been irrelevant to life and problems in the rural areas and who consequently see little prospects of a productive and satisfying career in farming.

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The dynamics of the unemployment problem-soaring population growth, disappointing rate of employment creation, ever rising numbers of school leavers, and continuing influx of people from the countryside into urban areas - are familiar enough and are shared in some degree by most African countries but they have assumed particularly alarming proportions in Kenya. In recent years, the problem of the unemployed and of the school leavers has become a matter of major national concern and has stimulated extensive debate and inquiries into ways and means of solving the unemployment crisis. Since independence a number of short term measures have been taken to alleviate the situation but the problem has persisted and indeed intensified. In the recently published Five Year Development Plan, the government has proposed a series of far-reaching and concerted measures designed to make a significant inroad into unemployment..

The implementation of these measures is likely to make a substantial contribution to the solution of the unemployment problem but unless combined with other measures of a long term nature, they are unlikely to provide a lasting solution to the problem.

The purpose of this paper is to analyse the past trends and future prospects of employment in Kenya and to evaluate the policies that have been adopted or proposed to deal with the unemployment problem. Since Kenya has advanced farther along this road than many other countries in tropical Africa, a study of her experience may hold lessons for others not yet faced with an unemployment problem of the same gravity.

#### Employment Trends in the Sixties

Any attempt to study employment trends runs up against the familiar problem of inadequate data. Although Kenya has better statistics going back over a longer period of time than most countries in Africa, the available data refer to employment in, what for lack of a better word,

may be described as the "modern sector". They exclude employees in small-holdings, non-agricultural enterprises in rural areas and very small scale enterprises in urban and peri-urban areas. In the last three years some attempts have been made to obtain estimates for employees in these sectors in order to build up a more complete picture of the total volume and pattern of employment in the country but owing to the familiar problems of definition and coverage, these estimates are necessarily of a rough nature and contain a considerable margin of error.

*What  
are they?*

The available information is put together in Table I to indicate the relative importance of wage employment in the total labour force. The table brings out several points. In the first place, although wage employment is relatively more important in Kenya than in many other developing countries at a comparable stage of development, it nevertheless accounts for a mere 28% of the potential labour force. A more significant indicator is that male employees probably constitute 34% of the total adult male population. One implication of this is that with male labour force growing upwards of 3% p.a. employment will have to increase at an annual rate of 10% in order to provide jobs for everybody.

Secondly, it should be noted that wage employment in the modern sector- the only component of employment for which we have reasonably accurate statistical series- constitutes some 60% of the total estimated wage employment, or about 17% of the total labour force and 25% of the male labour force. This point is worth bearing in mind as a consideration of the published data on employment which of course refers to wage employment in the modern sector alone may give a seriously misleading picture of the true position; this is especially the case since there is some evidence that wage employment in the "traditional sector" expanded at a relatively high rate in the past and is likely to continue to do so in the future. On the other hand, in the absence of a comprehensive series on employment, it is not possible to measure the employment growth in the traditional sector

with any degree of precision.

The growth of recorded employment in the modern sector in the sixties is shown in Table 2. It is convenient to consider separately the pre-independence-1960-93- and the post-independence-1964-69-periods. Owing to the juxtaposition of internal uncertainty associated with the march towards independence and external recession, the pre-independence period was characterised by economic stagnation - falling investment, particularly in building and construction, stagnant public revenues and expenditure, and exports. The general rundown of the economy in combination with the break-up of the large mixed farms under the settlement schemes caused a sharp contraction in employment which fell by 13% between 1960 and 1963.

The period since 1964 has seen the resumption of an upward trend in the level of employment, but the rate of increase has been disappointingly low in relation both to output growth and employment projections: while output in real terms increased at an annual rate of 6.3% between 1964 and 1969, enumerated employment grew at a rate of 3.5% as compared with a projected rate of increase of 5.8% p.a. Table 2 further shows that increases in public sector employment accounted for most of the expansion in employment in the modern sector. In agriculture employment fell at an annual rate of 2.4%, while it rose by a mere 2.2% p.a. in private commerce and industry.

How is one to interpret these trends? As far as the public sector is concerned, most of the increase was caused by increased employment in the central government and local authorities. Over the period 1964-69, the public sector contribution to gross domestic product increased at a rate of over 9% p.a. Since government expenditure is highly labour intensive, it is easy to see that it should have generated an employment expansion of 5.5% p.a. The behaviour of private commerce and industry is more interesting, as a probable annual increase of about 9% in real output was accompanied by a mere 2.2% increase in employment. Ignoring

for the moment the point that some of the increase in employment occurred in enterprises which are not covered by the annual enumeration of employment, the data indicate a rapid rise in labour productivity in this sector. The Kenyan experience in this respect is in line with the evidence found in many other developing countries. It is by now well established that output in the modern industrial and commercial sector can rise very rapidly with only marginal increases in employment. A number of factors contribute to this development - rapidly rising wages leading to substitution of capital and managerial and supervisory input for unskilled labour, more and better training of labour, learning on the job, capital intensive technological progress and a host of other factors conducive to autonomous increases in labour productivity. A recent study on output, employment and productivity in Kenya isolated rapid wage increases as the single most important causatory factor in rapid advances in productivity in modern commerce, industry and services.<sup>1</sup> Wages for urban unskilled employees probably rose by 7-8% p.a. in the sixties.

Part of the decline in employment in agriculture is apparent rather than real, in the sense that many of the employees on the erstwhile large, mixed farms have been transformed into independent farmers and employees on the small farms created by the settlement schemes. But even when allowance is made for this, there is little doubt that large scale farming sector has been undergoing similar but less pronounced increases in labour productivity that have characterised the modern non-agricultural sector. Some evidence for this assertion is provided by the fact that

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1. J. Harris and M.P. Todaro, "Wages, Industrial Employment and Labour Productivity : The Kenyan Experience." Eastern Africa Economic Review, June, 1969.

while employment in the "modern" farming sector has been declining at the rate of 2.3% p.a. since 1964, total output has risen by about 1% p.a. What seems to have been happening in large farms is that rising costs coupled with stagnant or falling prices of agricultural products have forced farmers to economise on the use of labour by improved management and more mechanised production techniques.

There is strong reason to believe that while employment in the medium and large scale enterprises has been stagnant or rising very slowly, there has been a rapid expansion of employment opportunities in small scale enterprises in both the agricultural and the non-agricultural sectors. The Kenya economy has been undergoing important structural changes in the sixties leading to an increase in the relative importance of small scale African-operated enterprises. The multi-million pounds settlement schemes resulting from the breakup of large, mixed European farms are the best known and documented illustration of this change, but there has also been a substantial if less spectacular growth in small African enterprises in the field of trade, transport, construction and other services. Most of the growth in employment in these enterprises has escaped the net of official statistics. It is possible to derive the government estimates of employment expansion in the traditional sector from the recently published Development Plan. These appear to indicate that wage employment in small-holder agriculture expanded at a rate of 7.8% p.a. and in rural non-agricultural enterprises by nearly 11% p.a. between 1964-68, giving an overall growth in employment in the traditional sector of over 8% p.a. Total wage employment in the economy is estimated to have increased by 3.8% p.a.<sup>1</sup>

1.	Wage Employment '000		
Non-agriculture	1964	1968	Annual Growth Rate %
"Modern" Sector	381	436	3.4
"Traditional" Sector	25	38	11
Total	406	474	3.9
Agriculture			
"Modern" Sector	201	173	-3.3
"Traditional" Sector	301	410	7.8
Total	502	583	3.8
Overall Total	908	1,057	3.8

Source: derived from the Development Plan 1970-74.



Thus one's judgement about Kenya's employment performance over the last plan period depends critically on how one regards the estimates of employment expansion in the traditional sector. Unfortunately very little is known about the surveys on which these estimates have been based. One is thus forced to rely on indirect evidence. It has already been mentioned that there has been an extremely rapid growth since independence in small scale African enterprises in trade, transport, construction, -manufacturing and services. These enterprises typically use simple techniques, are largely unaffected by minimum wage regulations and consequently tend to have relatively high marginal employment/output ratios, probably in the neighbourhood of unity. It is thus not unreasonable to assume an annual employment increase of over 10% p.a. in these enterprises.

In small-holder agriculture, however, government estimates of annual increase in employment of 7.8% p.a. appear to be on the high side. Agricultural output from the small farm sector, including subsistence output, grew at an annual rate of less than 6%, while cash production alone expanded at a rate approaching 10%. Thus estimates of wage employment in smallholdings imply a falling labour productivity of about 2% p.a. This is contrary to the trends in the rest of the economy and can only be validated on the assumption that a good deal of additional employment generated in this sector has been of a part-time, casual and seasonal nature-characteristics associated with a state of underemployment.

#### Future Employment Prospects.

In the future, even more than in the past, unemployment will constitute a major economic, social and political problem.

Even apart from the unemployment and underemployment in the rural areas, most observers are agreed that open, urban unemployment in Kenya is probably well in excess of 15%. The problem is compounded by the fact that large parts of Kenya, particularly the Central, Nyanza

and Western Provinces, are already faced with the problem of land shortage and landless peasantry. With population growing at the high rate of 3.3% p.a., the land problem is clearly going to be intensified in the future. The magnitude of the employment problem confronting the country is brought out in the table below which sets out annual increases in population, total and adult male labour force over the period 1970-74.

Projected Increases in Population, Labour Force, Adult Males: '000

	1970	1971	1972	1973	1974	Total
Increase in population:	359	371	383	396	409	1,918
Increase in labour force	126	130	134	139	143	672
Increase in male adults	82	85	88	91	94	440

Even if we assume that employment in the modern sector will expand by 4.5% p.a. over the period 1970-74, this will result in the creation of a mere 135,000 new jobs. It is thus clear that the bulk of the additional labour force - nearly 80% - will have to be absorbed in the "traditional sector" either as employees, or as self-employed on farms and other enterprises.

In the Development Plan, 1970-74, wage employment is projected to expand at an annual rate of 5.1%. Even when allowance is made for the projected acceleration of output from 6.3% p.a. achieved over the period 1964-69 to 6.8% over the next plan period, the employment targets look highly ambitious in relation both to past performance and to experience in other countries. It is clear that rapid economic growth by itself is unlikely to generate employment expansion of this order of magnitude. The achievement of the employment targets would depend above all on the strategy of employment creation within the overall targets for output expansion. In the next section we thus turn to the policies adopted in the past and those proposed for the future to stimulate the creation of new jobs.

Policies for Employment Creation

Soon after independence, the government was confronted with a serious unemployment problem, caused in part by the general rundown of the economy in the preceding three years. Although the level of employment has been rising since 1964, unemployment continues to be a serious problem. The government has attempted to tackle the problem on a number of fronts but until the publication of the second Development Plan no coherent strategy of employment creation had been evolved and implemented. Many of the measures taken in the earlier period were either of an emergency, short run nature, induced by the pressure of events or were the outgrowth of other policies in which employment creation was only of secondary consideration. Some of these measures are to be continued over the next plan period while others of a potentially greater power have been proposed.

Among measures of a short term nature was the Tripartite Agreement concluded in 1964 between the government, employers and the trade unions. Under this Agreement, the government and the employers undertook to increase their labour force by 15% and 10% respectively; the trade unions for their part agreed to a policy of wage standstill for a year. On its expiry, the Agreement was extended by a further three months. While no study of this very interesting experiment in employment creation has been made, it is generally believed that it did not lead to any significant long term increase in employment. Owing to financial stringency, the government found itself unable fully to carry out its pledge. In all 34,000 jobs were found for persons who were either landless or previously unemployed. But it is doubtful whether these represented a permanent net increase in employment; for while many of the private firms adhered to the letter of the Agreement by taking on more employees, they violated its intent by not hiring new employees to make good the loss caused by normal attrition of the labour force. Furthermore, even if the Agreement was successful in creating some new jobs, it did not make any impact on the level of

urban unemployment, for prospects of wage employment stimulated an additional flow of migrants from the rural areas. It is clear that policies of this nature can create additional employment only in the very short run. Only in conditions of excess capacity with existence of some unemployment of the Keynesian variety are they likely to result in genuine additional employment on a longer term basis. In 1964, there was considerable excess capacity in the industrial sector in Kenya. It is thus likely that the Tripartite Agreement may have resulted in limited genuine additional employment.

It is interesting to note that in June, 1970, the government announced another Tripartite Agreement under which both the government and the private firms would be required to increase their labour force by 10%. The details of the Agreement were still being worked out at the time of the writing of this paper, but it is anticipated to result in the creation of about 40,000 new jobs. However if this Agreement is to contribute to the reduction of urban unemployment and to lead to genuine, long term increase in employment, it will have to be reinforced by policies of a long term nature such as are discussed in later sections of this paper.

Another measure of a similar nature was relief of unemployment through road building projects. Owing to lack of government funds, many of these projects were financed through contractor-financing. The latter proved rather expensive and were discontinued after the completion of the agreed projects.

Quantitatively, by far the greatest contribution to the relief of unemployment was made by the settlement schemes. By the middle of 1968, some 45,000 families had been settled under various types of schemes, including squatter settlement schemes. Assuming three adults per family, these schemes provided gainful employment to nearly 135,000 persons. In addition, several thousand more have been employed on these farms on

a temporary or permanent basis. Many of these persons were of course employees on the large farms which formed the basis of the settlement schemes but there is little doubt that the new pattern of farming contributed to a significant increase in labour absorption.

Measures to step up the Kenyanisation of commerce and industry have been justified in part on the grounds that they will provide jobs for the local unemployed. The chief significance of Kenyanisation policies is to increase the share of local persons in the income generated in the commercial and industrial sectors; their potential for relief of unemployment is severely limited. The 1967 Survey of High and Middle Level Manpower estimated that out of nearly 114,000 persons in this category, just over 46,000 were non-citizens. Even if all these non-citizens could be replaced tomorrow, this will provide a mere 46,000 additional employment opportunities. But of course a large proportion of these jobs require high level training and considerable experience and thus the creation of employment opportunities through Kenyanization must necessarily be limited. To the extent that accelerated Kenyanisation has some adverse effects on output growth in the short-run, its net effect on employment is further reduced, and could conceivably be negative.

Most of the other measures taken to relieve unemployment have been directed at the problem of school-leavers. They are largely of an experimental nature and have been relatively insignificant quantitatively. The best known of these is the National Youth Service which was established in 1964 to provide training and employment to school leavers through work on development projects. Since its inception a total of 11,000 men and 600 women have undergone training under this scheme. The volunteers receive training in various skills and work on such projects as road, bridge and dam building, bush clearing, irrigation works etc. It is planned to increase the enrolment in the National Youth Service to about 5,500 by 1974. Other projects of this nature have included

youth centres, technical and vocational schools, etc. Potentially of greater significance are the village polytechnics which have been operated on an experimental basis by the National Christian Council of Kenya. While these projects have served a useful social function and have equipped several thousand school leavers with useful skills, their quantitative importance in the solution of the unemployment problem has been relatively insignificant. However, since the problem of the unemployed is rapidly merging into the problem of the school-leaver, experimental projects such as the village polytechnics are likely to become increasingly important in the future, particularly if their unit costs could be reduced and their training fitted into the overall plan for rural development.

#### Future Employment Policies

It will be clear from the above review of the programmes and policies adopted to create employment opportunities that with the exception of settlement schemes, they made relatively little contribution to the solution of the problem. It is in part because of dissatisfaction with the past performance that the new plan sets out bolder and more imaginative policies to attack the problem of unemployment. Apart from the continuation of the existing programmes for school-leavers and a modest scheme for resettlement, hopes of rapid employment creation over the next five years are based on a strategy the three main elements of which are: higher rates of output growth, introduction of an incomes policy and emphasis on rural development. Each of these strands in the employment policy will be discussed briefly.

The rate of economic growth over the next five years is planned to accelerate to 6.8% p.a. from the past performance of 6.3% p.a. over the period 1964-69. Other things being equal, this boost in overall growth rates should lead to a higher rate of job creation. Given a certain rate of autonomous increases in labour productivity, acceleration of output should have a disproportionately favourable effect on employment growth.

But rate of output growth is only one determinant of the rate of employment creation. Apart from the overall economic policies that are pursued, the pattern of growth will obviously have an important influence on employment growth. Since the new plan aims at policies and patterns of growth which are conducive to employment creation, acceleration of the rate of output growth should reinforce their favourable effect on employment.

A novel feature of the proposed employment policy in Kenya is the stress laid on an incomes policy. There has been talk of a national incomes and wages policy for some years but for the first time the plan commits the government to the specifics of such a policy. Wages affect the employment problem in two ways : firstly, rapidly rising wage rates may reduce the level of employment or limit its expansion in a growing economy by providing an incentive to employers to economise on the use of labour in ways which were mentioned earlier. Secondly, by further increasing the gap which already exists between rural and urban real incomes, rising wages may accentuate the urban unemployment problem by stimulating rural-urban migration. Both these effects appear to have been operative in Kenya in the past. The wages policy specified in the plan proposes that all wage agreements would be subject to approval by a re-constituted Industrial Court which would operate the policy in accordance with the guidelines established by the government from time to time. The fixing of wages and salaries in the public sector as well as the establishment of statutory minimum wages would also be <sup>governed by</sup> the national wages policy.

The implementation of a policy of wage restraint is expected to make an important contribution to the expansion of employment in all sectors of the economy, but more particularly in the public sector and the export industries. A rough idea of the possible quantitative contribution of wages policy to employment creation may be obtained from a recent statistical study on the relationship between employment, wages and productivity.<sup>1</sup> If these relationships hold in the future, a decline

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<sup>1</sup> J. Harris and M.P. Todaro, Op cit.

in annual wage rate increases from say 5 to 2% could generate about 15,000 additional jobs per year. In addition to its role in direct employment creation, wages policy will serve as an instrument of income distribution to reduce the urban-rural income gap, thus lowering the attractiveness of migration to urban areas.

It is difficult to predict the success the government will have in enforcing a wages policy designed to reduce the annual rate of wage increases. Kenya has a strong trade union movement and the difficulties of persuading workers to exercise wage restraint in a predominantly private sector economy are obvious.

The third plank in the new employment policy is the emphasis on an integrated programme for rural development. Although in the past there has been talk of the desirability of rural development and exhortation to the unemployed to return to the land, this has not been reflected in actual programmes and policies, which have contained a strong urban bias. The new plan goes some way in elaborating a coherent strategy for accelerated rural development. Apart from greatly increased expenditure on programmes designed to raise agricultural productivity directly such as credit, extension services, training, research, land adjudication and registration, the plan provides for an increased share of the rural areas in the expenditure on social and economic infrastructure. In particular, a very large increase in expenditure on rural water supplies and roads is envisaged in the next five years. There is also emphasis on decentralisation of industry and direct stimulation of small scale industry in rural areas.

In addition to these, the government has launched a Special Rural Development Programme on an experimental basis in fourteen selected areas. The purpose of this programme is to bring about dramatic improvements in incomes and employment in these areas through carefully prepared plans for coordinated development. Each area plan was drawn up after a detailed survey of its resources, potentialities and constraints. The plans



incorporate a wide variety of projects reflecting the entire range of the problems encountered in accelerated and balanced rural development. An intensive evaluation and monitoring of the programme has been planned with the main objective of securing prompt replication of successful projects to other parts of the country. The programme has been designed on a small scale and on an experimental basis; thus its contribution to employment creation over the plan period will be limited. But if it proves successful in its objectives, it is intended to be replicated speedily to other parts of the country. It thus has the potential over the next decade or so of making a substantial contribution to the solution of the unemployment problem through intensified rural development.

The various programmes and policies embodied in the Development Plan represent only the first stages in the process of accelerated rural development. Over the coming years, a major effort will have to be made to develop and strengthen the planning capability of the government to translate these programmes into concrete and realistic projects for rural development. At the same time appropriate policies such as those relating to mechanisation would have to be devised to maximise labour absorption in agriculture.

Once the capacity of the central and local government to mount a larger volume of development activity in rural areas has been created, employment can be further stimulated by an extensive programme of rural works. A programme of this sort has been successfully carried out in a number of countries, including Tunisia and East Pakistan. In Kenya it ought to be built on the foundations of the self-help movement. The self-help movement which in the course of the past six years has resulted in the creation of hundreds of new schools, health centres, and community halls, is a striking testimony to the vigour and initiative of voluntary effort at the local level. With appropriate planning, guidance and assistance from government authorities, the self-help movement can be

mobilised to mount a vast programme of public works within the framework of the overall rural development plan. Conditions in Kenya are exceptionally favourable for the launching of a programme of this nature : plentiful supply of food, a comfortable foreign exchange position, excess capacity in the industrial sector, and a proven tradition of self-help. Inadequacy of organizational and executive capacity is often cited as the critical constraint on the adoption of such programmes. But quite apart from the fact that such a capacity creates itself once a decision is taken to launch these projects, the constraint imposed by organizational difficulties is often exaggerated. Certainly the experience in Kenya with self-help movement indicates what can be achieved once the interest and energy of the people are engaged in purposeful projects.

The major weakness of the package of policies proposed to combat unemployment in Kenya is the minor role assigned to control of population growth. A number of clinics offering information and services on family planning have been operated by voluntary agencies since 1957. In 1965, the government commissioned a report by experts on population policy. The report drew attention to the adverse effects on development of rapid population growth in Kenya and recommended an ambitious family planning programme designed to reduce the population growth then believed to be in the neighbourhood of 3% p.a. but now estimated at 3.3% to a rate of 1.8% by the end of the century. In 1967 the government launched a modest programme, in cooperation with private agencies, whose basic aim is to make family planning information, education and services available, on request, through free clinics in all government hospitals and health centres. The programme has gradually gathered momentum but past budgetary appropriations as well as those proposed for the future are woefully inadequate in relation to the size and seriousness of the problem.

A successful programme of population control can make a major contribution in the long run to the achievement of almost all the important social

and economic objectives embodied in the plan, and more specifically to the elimination of the unemployment problem. The current rate of population growth is adding 126,000 persons to the labour force every year; the annual increments in labour force associated with 2.5%, 1.5% and 1% are 95000, 57000 and 38,000 respectively. It is thus clear that slight reductions in population growth rate can make a massive difference to the prospects for elimination of unemployment. It is often argued that population policies can contribute to the solution of the unemployment problem only in the long run since the persons entering the labour force for the next fifteen years are already born. Quite apart from the fact that the long run consists of a series of short runs and unless vigorous steps to reduce the rate of population growth are taken now, the unemployment problems over the next few decades would be vastly more difficult to tackle, this argument overlooks the favourable effect on employment in the short run of <sup>a</sup> lower rate of population growth through its impact on savings and the composition of investment. It has been shown that saving rates are strongly influenced by dependency ratios which in turn are determined by rates of population growth.<sup>1</sup> A country with a lower rate of population growth can also divert its resources from investment in schools, hospitals, housing and such like, to directly productive projects, thereby improving its capital/output ratio and hence its rate of growth. Thus a declining rate of population growth can have significant effects on employment creation even over a relatively short period of time through a favourable impact on savings and capital-output ratio.

There is widespread misunderstanding of the role of population growth in economic development among the political and bureaucratic leadership in most African countries. Even where the adverse effects of rapid population growth on economic development and the unemployment problem are properly understood, pursuit of active population policies is deterred by real or imagined political risks of such a course of action.

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1. N. Neff, Dependency Rates and Savings Rates, American Economic Review.

Kenya is one of the few tropical African countries which have an official programme of family planning. But it is clear that unless it receives much stronger political backing and vastly increased resources, it will have an insignificant effect on the rate of population growth over the next decade.

#### Conclusion

After a sharp decline in the early years of the decade, the level of employment has been on an upward path. But despite high rates of economic growth, employment in modern agriculture, commerce and industry has risen only marginally. Most of the gains in employment have occurred in the public sector. Employment in the "traditional" sector- small-holder agriculture and small-scale non-agricultural enterprises in rural and peri-urban areas- has probably expanded at a very high rate but its magnitude cannot be estimated with any degree of precision. Furthermore, a high proportion of these jobs are of a casual, part-time and seasonal nature.

During the first plan period- 1964-69 - the policies adopted to stimulate wage employment were of an ad hoc, short term nature, often induced by the pressure of events. Except for the settlement schemes, they made relatively little contribution to the solution of the unemployment problem. A more coherent strategy for employment creation has been evolved for the future; the three main elements of this strategy are a significant acceleration in the rate of growth of output, a comprehensive incomes policy and an intensified programme of integrated rural development. If these policies are successfully implemented, they could make an important contribution to the solution of the unemployment problem. The proposed package of policies needs to be strengthened by two other measures - one of a short term and the other of a long term nature. A programme of rural public works, closely integrated into the proposed rural development plans and building on the impressive self-help effort...

of the past decade, appears to offer exciting possibilities of rural employment generation over the next few years. In the longer run, a vigorous population policy designed to bring about a steady decline in the rate of population growth can make the greatest contribution to the elimination of the unemployment problem.

Table I

Population, Labour force and Employment: 1969. '000

Population	<sup>1</sup>	=	10,880
Potential labour force	<sup>2</sup>	=	3,808
Adult Males	<sup>3</sup>	=	2,491
Wage Employment		=	1,072
of which in the "modern" sector		=	(627)
Smallholdings		=	(363)
Rural non-agricultural activities		=	(82)
Male Employees in the "modern" sector		=	538
Male Employees in the "traditional" sector	<sup>4</sup>	=	300
Balance of the male labour force		=	1,653

Source: Population Census, 1969; Economic Survey, 1970.

Notes: (1) From the 1969 Census.

(2) 35% of the population.

(3) Calculated on the assumption that the proportion of males between the ages of 15 and 59 is the same in 1969 as in the 1962 Census.

(4) Rough estimates by the writer.

Table 2

	Recorded Employment in the Modern Sector: 1960-69: '000										annual % change 1964-69
	1960	1961	1962	1963	1964 <sup>1</sup>	1965	1966	1967	1968	1969	
Public Sector	161.4	167.0	167.0	159.5	182.0	188.2	200.4	212.1	221.9	237.6	5.5
Private Commerce & Industry	189.0	170.8	167.3	164.1	190.0 <sup>2</sup>	190.8 <sup>2</sup>	196.9	212.7	211.5	210.9	2.2
Agriculture and Forestry	271.8	252.0	245.5	215.7	201.1	202.4	188.1	172.7	173.0	178.7	-2.4
Total	622.2	589.8	579.8	539.3	573.1	581.4	585.4	597.5	606.4	627.2	3.5

Source: Statistical Abstract, 1965, for 1960-63 figures; Economic Survey, 1967, for 1964-65 figures; Economic Survey, 1970, for 1966-69 figures.

1. There is a break in the series owing to improved coverage in 1964, but this only affects employment in private commerce and industry.
2. The figures published in 1967 Survey have been adjusted to make them comparable to figures for 1966 and subsequent years as published in the 1970 Survey.